

## CHAPTER 3

# TERMINATION AND LEAVE

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# TERMINATION OF EMPLOYMENT

If a member ceases working for the county *before* age 55, he/she is considered to have “terminated” for plan purposes. If a member ceases working for the county *on or after* age 55, they are considered “retired” for plan purposes. At age 55 a member is automatically “vested” which means they are eligible for the employer matching contributions, regardless of how long they have been a member of the Plan.

**Form to Submit:** To notify NPERS of the employment termination date, you must complete the State/County Non-Contributing Member Form (see FORMS). Information requested on the form is as follows: Termination Date, Date of Final Pay, Gross Final Salary, was an Emergency/Interim issued for the last check and Reason for Termination.

After NPERS receives this form, NPERS will send the member (regardless of age) information explaining his/her choices regarding their retirement account. To any member who is age 50 or over and vested, NPERS will include estimates of benefits showing the annuity payment dollar amounts.

## **Definition of termination of employment, as defined by law:**

*“Termination of employment occurs on the date on which the county which employs the member determines that the member’s employer-employee relationship with the county is dissolved. The county which employs the member shall notify the Public Employee’s Retirement Board (PERB) of the date on which such a termination has occurred. Termination of employment does not occur if an employee whose employer-employee relationship with the county is dissolved enters into an employer-employee relationship with the same or another county in the State of Nebraska and there are **less than 120 days** between the date when the employee’s employer-employee relationship ceased with the county and the date when the employer-employee relationship commenced with the same or another county. The current employer is responsible for notifying the PERB of such change in employment and providing them such information as they deem necessary. If the board determines that termination of employment has not occurred and a termination benefit has been paid to a member of the retirement system pursuant to section 84-1321, the board shall require the member who has received such benefit to repay the benefit to the retirement system.”*

**WARNING:** If a member returns to work with the county in *any capacity before 120 days* have elapsed from his/her termination/retirement, they are not entitled to receive any funds and they must repay any funds distributed to them. *You should notify NPERS immediately* if this situation occurs with a member. NPERS will contact the member as soon as possible to discuss repayment options if necessary or stop a withdrawal from being taken from their account if one is in progress.

## LEAVE OR INTERMITTENT STATUS

**Form to Submit:** To notify NPERS of a member who is currently *not contributing* to the Plan but has *not terminated* his/her employment, you should complete a State/County Non-Contributing Member Form, in the “Intermittent Status” section (see FORMS), and submit to NPERS. For a member whose employment is **seasonal**, you only need to submit this form *once* during his/her employment to indicate their status.

This advises our office of why an active member is not contributing to the Plan for a specific period of time. Reasons listed on the form are: Military Leave, Disability, Family Medical, Seasonal/Intermittent, Suspension, or Other (explain).

Please list the last pay date for the member and the Anticipated Date of Return (if known). If NPERS does not have this information on file, we will contact you and request you send a form for the member’s file.

If a member eventually terminates his/her employment due to one of the above reasons, you should send NPERS an updated form with actual termination and final pay information.

## MILITARY LEAVE

If an employee is on Military Leave and returns to active employment with the county **within 90 days** after honorable discharge or honorable separation from active duty, he/she is eligible to receive vesting credit for the period of military service, even if they do not make employee contributions for that period. A copy of the discharge documents must be provided to NPERS to show the start and stop dates of the employee's active duty in the military.

If the employee wishes to receive employer matching contributions for the period of military service, he/she must make their employee contributions for that time period. Payment of these contributions can be made via payroll deductions, a rollover from an eligible rollover plan, or a one-time lump sum payment. Lump sum payments would be accepted on an after tax basis. Lump sum payments will only be accepted via cashier's check, bank draft, or money order.

If a member pays for their military leave through payroll deductions, the county will be required to complete a Make-up Contribution Agreement (see FORMS). The county will match the member's contribution month by month for the time period the member chooses.

If an employee pays for his/her military leave by means of an eligible rollover or lump sum payment, matching employer funds should not be paid to the member's account until the employee has made up his/her contributions.

The cost of the purchase of military leave will be the amount of compensation and contributions the member would have made had the member been continuously employed during the leave.

For purposes of the member and employer contributions, the member's compensation during the period of military leave shall be at the rate the member would have received but for military service or, if not reasonably determinable, the average rate the member received during the 12-month period immediately preceding military service.

The deadline for completing the purchase of military service credit is three times the member's service in the military, not to exceed five years. *It is the responsibility of the county* to calculate the total contributions due, advise the employee of his/her payment options and the maximum number of payments allowed, and remit the information to NPERS.